

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

Telephone: 020 7066 9346
Local fax: 020 7066 9728
Email: enquiries@fs-cp.org.uk

Andrew Bell
Markets Division
Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

26 September 2008

Dear Andrew

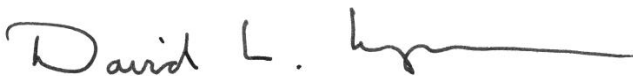
CP08/13 Disclosure of Liquidity Support

This is the Financial Services Consumer Panel's response to CP08/13: Disclosure of Liquidity Support. The Panel was established to represent the interests of consumers in advising the FSA on its policy and practices and monitoring its effectiveness. We have regard to the interests of all groups of consumers, and in this instance the proposals in the consultation paper have particular relevance to individual depositors and borrowers. Our comments therefore reflect the interests of this particular group.

We are broadly supportive of the proposals in the paper, which forms a small part of the overall banking reform process and sets out a minor clarification of the FSA's current disclosure rules on liquidity support. The proposed amendment – clarifying that under particular circumstances a financial institution, admitted to trading on a regulated market and in receipt of liquidity support from the Bank of England or other central bank, may delay public disclosure of that fact – appears to present an appropriate balance between transparency and financial stability.

However, we have some concern about the length of the period proposed for which public disclosure could be delayed – 4 ½ months is a very long time, during which any leak could be problematic in such a sensitive area. The suggestion that liquidity support could be kept from the market for such a time appears to us to be far fetched. We consider that the general interests of depositors and borrowers should also warrant a shorter period in delaying disclosure. If after a period of 4 ½ months consumers were to find out that this information had been kept from them they would no doubt feel aggrieved, and with good reason. In our view a shorter maximum period would be more appropriate, one which would give time for the required support to be put in place along with the necessary forward planning.

Yours sincerely



David Lipsey
Chairman